

## Message Text

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PAGE 01 HELSIN 01973 071309Z  
ACTION EUR-12

INFO OCT-01 ISO-00 PM-05 MCE-00 ACDA-07 SS-15 COME-00  
CG-00 DOTE-00 CIAE-00 INR-07 NSAE-00 DODE-00 L-03  
OMB-01 TRSE-00 /051 W  
-----127780 071752Z /46  
R 071230Z SEP 77  
FM AMEMBASSY HELSINKI  
TO SECSTATE WASHDC 1838

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E.O. 11652: N/A  
TAGS: ECON, EIND, FI  
SUBJECT: WARTSILA BID ON US COAST GUARD CUTTERS

REF: STATE 202364

1. SUMMARY. THE OUTCOME OF WARTSILA'S LOW BID ON COAST GUARD CUTTERS, NOW UNDER TECHNICAL REVIEW, WAS DESCRIBED TO ME BY PRIME MINISTER SORSA AS OF "PSYCHOLOGICAL IMPORTANCE" FOR FINLAND. FINLAND IS MIRED IN RECESSION, WITH THE OUTLOOK BLEAKEST IN THE SHIPBUILDING INDUSTRY, FOR WHICH WARTSILA'S BID IS THE ONLY ENCOURAGING DEVELOPMENT IN A LONG TIME. FROM THE FINNISH PERSPECTIVE WARTSILA'S BID POSES A KEY TEST OF OUR REAL INTEREST IN FINLAND, AND OUR WILLINGNESS TO PUT SUBSTANCE TO THE CORDIAL SPIRIT OF OUR RELATIONS. ACCORDINGLY, IT SEEMS TO ME THAT THE USG POLICY REGARDING ICEBREAKERS PROCUREMENT, WHICH IS ADDRESSED TO OUR INTEREST IN HELPING FINLAND STRENGTHEN ITS ECONOMIC RELATIONS WITH THE WEST, WHOULD BE APPLIED REGARDING CUTTERS, I.E., THAT US DECISIONS NOW IN TRAIN BE MADE (AND PERCEIVED BY FINNISH LEADERS TO BE MADE) ON THE BASIS OF SUITABILITY FOR INTENDED MISSION, PRICE, AND QUALITY. END SUMMARY.

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2. WHEN I PAID A CALL ON PRIME MINISTER SORSA ON SEPTEMBER 1, HE BROUGHT UP WARTSILA'S LOW BID ON US COAST GUARD CUTTERS. HE CHARACTERIZED THE FATE OF WARTSILA'S BID, NOW UNDER TECHNICAL REVIEW BY THE COAST GUARD, AS OF "PSYCHOLOGICAL IMPORTANCE" FOR FINLAND. IT FOLLOWS FROM THIS VIEW, WHICH I SHARE, THAT THE TREATMENT OF WARTSILA'S BID IS IMPORTANT TO

THE SUBSTANCE OF OUR RELATIONS WITH FINLAND.

3. FOR THE FINNISH SHIPBUILDING INDUSTRY, WARTSILA'S LOW BID IS TO OUR KNOWLEDGE AND ONLY ENCOURAGING DEVELOPMENT IN A LONG TIME, EXCLUDING THE STEADY FLOW OF ORDERS FROM THE SOVIET UNION. THIS COUNTRY IS MIRED IN RECESSION, AS THE EMBASSY HAS REPORTED EXTENSIVELY, AND CURRENTLY IT IS IN THE SHIPBUILDING INDUSTRY THAT THE OUTLOOK IS BLEAKEST. ORDERS FELL OFF BY 175,000 GROSS REGISTER TONS DURING THE FIRST HALF OF 1977, TO A CURRENT LEVEL OF 950,000 GROSS REGISTER TONS. AT LEAST 2,000 OF THE INDUSTRY'S 18,000 EMPLOYEES FACE DISMISSAL NEXT YEAR. WARTSILA'S HELSINKI YARD, WHERE THE CUTTERS WOULD BE BUILT, IS VERY SEVERELY AFFECTED. EXTENSIVE LAYOFFS THERE WILL BEGIN THIS WINTER.

4. FROM THE VIEWPOINT OF FINNISH LEADERS, WARTSILA'S BID POSES A TEST OF USG INTEREST IN FINLAND. THE QUESTION AS I SEE IT IS FUNDAMENTALLY WHETHER WE FOR OUR PART CANNOT ASSURE AN ACCOMMODATION OF OUR OWN LEGITIMATE DOMESTIC CONCERNS WITH AN EQUALLY LEGITIMATE INTEREST IN FINLAND'S ECONOMIC HEALTH. WHEN SORSA SPOKE OF "PSYCHOLOGICAL IMPORTANCE" FOR FINLAND I THINK HE HAD THIS QUESTION IN MIND AS HE IS WELL AWARE OF THE PRESSURES AT PLAY WHICH MIGHT RESULT LIMITED OFFICIAL USE

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IN REJECTION OF THE WARTSILA BID.

5. ACCORDINGLY, IT SEEMS TO ME THAT THE USG POLICY OBJECTIVE REGARDING ICEBREAKER PROCUREMENT THAT WAS APPROVED IN THE POLICY GUIDELINES FOR US/FINNISH RELATIONS IN JUNE IS APPROPRIATE WITH RESPECT TO WARTSILA'S BID ON THE CUTTERS, I.E., THE UNITED STATES GOVERNMENT SHOULD SUPPORT FAIR TREATMENT OF FINNISH CUTTER BIDS IN THE EVENT OF US PROCUREMENT, SO THAT US DECISIONS ARE MADE (AND ARE PERCEIVED BY FINNISH LEADERS TO BE MADE) ON THE BASIS OF SUITABILITY FOR INTENDED MISSION, PRICE, AND QUALITY.

RIDGWAY

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Original Handling Restrictions:** n/a  
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**Subject:** WARTSILA BID ON US COAST GUARD CUTTERS  
**TAGS:** ECON, EIND, FI, WARTSILA  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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